

Message Text

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ACTION XMB-07

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FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 2232

INFO AMEMBASSY VIENNA

UNCLAS ATHENS 0459

DEPARTMENT PASS EXIMBANK; VIENNA FOR DIETZ

E.O. 11652: N/A

TAGS: EFIN, BEXP, GR

SUBJECT: EXIMBANK FINANCING FOR TITAN CEMENT COMPANY

REF: STATE 008476

1. EMBASSY HAS DISCUSSED CONTENTS REFTEL WITH OFFICIALS TITAN CEMENT WHO MOST UNHAPPY WITH SECURITY PROVISION. LEONIDAS CANELLOPOULOS, CHAIRMAN OF TITAN, RAISED SECURITY QUESTION WITH EXIM PRESIDENT KEARNS DURING LATTER'S NOVEMBER 1972 VISIT HERE AND CAME AWAY WITH IMPRESSION THAT TITAN WOULD NOT BE REQUIRED PROVIDE SECURITY. ANGELO CANELLOPOULOS, TITAN MANAGING DIRECTOR, MET WITH PRESIDENT KEARNS DURING APRIL 1973 TRIP TO U.S. AND RECEIVED SAME IMPRESSION. TITAN INDICATES WOULD HAVE SOUGHT OUT NON-U.S. SUPPLIERS HAD THIS REQUIREMENT BEEN MADE CLEAR EARLIER. (IMPLICIT IS STRONG PROBABILITY TITAN WILL DO SO FOR FUTURE PURCHASES IF SAME CONDITION PERTAINS.)

2. NOTWITHSTANDING GREAT DISAPPOINTMENT OVER INCLUSION SECURITY PROVISION, TITAN'S PRIMARY CONCERN OF EXPEDITIOUS COMPLETION PLANT MAKES MORTGAGE FOR FULL AMOUNT ACCEPTABLE. KAMARI PROJECT IS NOT, HOWEVER, EXPANSION OF EXISTING PLANT (AS INDICATED PARA 1 REFTEL), BUT ENTIRELY NEW PLANT. SINCE IT WILL BE SOME TIME BEFORE ALL LEGALITIES OF EXPROPRIATION
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PROCESS FINISHED AND CLEAR TITLE AVAILABLE, TITAN BELIEVES

MORTGAGE KAMARI NOT FEASIBLE WITHIN TIME FRAME AVAILABLE AND SUGGESTS INSTEAD MORTGAGE AGAINST EXISTING THESSALONIKI PLANT, WHICH BUILT AT APPROXIMATE COST \$19.5 MILLION, AGAINST WHICH \$9 MILLION DEPRECIATED AND \$3.5 MILLION MORTGAGES (\$3 MILLION OUTSTANDING) HELD BY HELLENIC INDUSTRIAL DEVELOPMENT BANK AND NATIONAL INVESTMENT BANK FOR INDUSTRIAL DEVELOPMENT. TITAN REPS EMPHASIZED THAT TIME FACTOR CRUCIAL FOR THEM, SINCE SOME EQUIPMENT ALREADY EN ROUTE.

3. TITAN ALSO EXPRESSED GREAT CONCERN THAT IT RECEIVE EQUAL TREATMENT BY EXIM "WITH OTHER EQUIVALENT GREEK OPERATIONS."

4. COMMENT: SINCE LOSS OF \$12 MILLION IN SALES OF CEMENT PLANT EQUIPMENT DURING 1969-70 OVER QUARANTEE ISSUE, EMBASSY HAS REPEATEDLY RAISED QUESTION OF REQUIRING SECURITY FOR SOLID, WELL-ESTABLISHED AND GROWING GREEK FIRMS. WE AGAIN HOPE THAT EXIM WILL RECONSIDER ITS STAND REGARDING REQUIREMENT THAT WELL-ESTABLISHED GREEK CEMENT FIRMS PROVIDE SECURITY FOR EXIM LOANS. THERE SEEMS LITTLE DOUBT THAT IMPOSITION OF GUARANGEES IN SUCH CASES WILL CUT INTO FUTURE U.S. SALES AND THAT MORE SYMPATHETIC CONSIDERATION COULD HAVE VERY POSITIVE IMPACT ON PROMOTION U.S. EXPORTS. SHOULD BE NOTED IN THIS INSTANCE THAT EXIM'S STIFF REQUIREMENT CONTRASTS MARKEDLY WITH WILLINGNESS OF MANUFACTURERS HANOVER TO PROVIDE 45 PERCENT OF FINANCING WITHOUT REQUESTING SECURITY.
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